

Testimony of Suburban Propane, L.P.
State of Connecticut Raised Bill No. 465
Committee on Energy and Technology
March 18, 2010

Good afternoon. I am Mike Merrill, Director of Regulatory Services for Suburban Propane. We provide service to thousands of propane customers in Connecticut, have a number of Connecticut employees and three Connecticut facilities. There are also thousands of Connecticut residents, companies, retirement and pension plans and other groups who own shares of Suburban and other multi-state dealers. Our customers and investors have chosen Suburban based on the business model under which we have operated in Connecticut for more than 65 years. We oppose Raised Bill No. 465 because it would change that business model.

First, we join in all the comments made today that RB 465 focuses on customer choice of gas suppliers based on price at the expense of personal safety. A propane storage container has a different type of construction, pressure, and maintenance schedule than tanks used to store other fuels. The risks associated with pressurized propane equipment, in comparison to heating oil tanks, are significantly different. The business model of RB 465 could apply to fuel oil, but it should NOT apply to propane.

Because RB 465 does not require a consumer to have an exclusive relationship with any gas supplier, consumers who themselves arrange for the timing of gas deliveries may not monitor their gas usage effectively. This is likely to lead to an increased number of run outs, requiring a leak check to be performed before service is restored, generally at the consumer's expense. If a leak check is not performed by the equipment owner, the owner has no way to guarantee that it is done correctly. There is also an increased potential for injury or damage if a consumer does not properly light appliance pilots after a run out.

Second, when a dealer does not have regular contact with its leased equipment, this also jeopardizes the ability to obtain liability insurance. Even where liability insurance can be obtained at a more expensive cost, this will result in increased tank rental charges to the customer, and tank rental charges will need to be increased for equipment inspections. Currently these inspections are conducted in the course of routine deliveries, and are provided to customers as a benefit of their gas purchase commitment.

Third, if this bill is passed, in the event of an incident involving death, injury or property damage, the Legislature and this bill, if passed, may well be criticized for incorrectly leading citizens to believe that an equipment lease and non-exclusive gas sales relationship is a safe way to receive propane, when it is actually a risk to safety. This risk is recognized by Connecticut Department of

Public Safety Regulations that only allow the filling and transportation of propane containers and the disconnection of equipment by the owner or upon the owner's authorization.

Public safety will also be adversely affected if multiple suppliers have contact with a storage container and do not have sufficient knowledge about equipment and a customer's account to assist Connecticut fire and emergency responders.

Thank you.